

April 9, 2009

Tom McCann
Central Arizona Project
23636 N. 7th St.
Phoenix, Arizona 85080

Re: Access to Excess Central Arizona Project Water Proposal

On behalf of Resolution Copper Mining, I am writing to comment on the Access to Excess CAP Water proposal that was presented on April 1, 2009. Resolution Copper Mining generally supports CAP's proposal and understands that guidelines must be established to allocate this limited resource. We are, however, concerned that some of the elements being considered in this proposal will have a disproportionately negative impact on Resolution Copper Mining and our banking partners, New Magma Irrigation and Drainage District and Hohokam Irrigation and Drainage District.

Resolution Copper Mining is working hard to minimize the impacts associated with investing nearly \$4 billion to construct the world class copper mine that it is planning near Superior, Arizona. Once completed, the mine will operate for more than forty years and annually employ 1,200 people. Water is critical for the future success of this mine and banking Colorado River water instead of pumping groundwater is just one of the methods we are implementing to fulfill our sustainability goals.

Resolution Copper Mining recognizes that Excess CAP Water is not a long-term water resource. Nonetheless, Resolution Copper Mining has invested a significant amount of money and resources around the existing Excess CAP Water program to mitigate the water supply risk of having sustainable water for the project and at the same as providing our banking partners with water-certainty (at least in the short term). We believe these actions are entirely consistent with the intent of creating CAP and should be encouraged and not unduly limited.

Resolution Copper Mining desires to protect its investment to the extent possible and would like to work with CAP throughout this process. At a minimum, Resolution Copper Mining does not want to suffer disproportionately as a result of the current proposal.

Against this backdrop, please accept Resolution Copper Mining's following comments and recommendations regarding the above-referenced subject.

1. Upper Limit for Large Orders

We feel that this element should not be part of the proposal because it may unnecessarily limit Excess CAP Water orders and effectively places a higher value on smaller volume users. Incorporating this element before any other guidelines are considered will not allow users to take

advantage of positive changes that may occur throughout the year to the Excess CAP Water supply. Moreover, limiting orders at the outset does not consider whether a scarcity issue exists.

We recommend that this element should be removed from the proposal. Alternatively, if this element is carried forward, we recommend that it should be: (1) incorporated only if a scarcity issue exists on a year-to-year basis; and (2) incorporated only after applying all other Access to Excess guidelines. Furthermore, if this element is applied, any affected user should receive first priority for their resulting allocation.

2. Non-Credit Orders v. Credit Orders

We believe that this process should not distinguish between non-credit and credit orders. While volumes for non-credit orders are historically low relative to the overall Excess CAP Water pool, creating this artificial distinction will encourage order patterns that result in increased non-credit orders. Specifically, implementing this distinction will give incentives for users with the ability to place both non-credit and credit orders to “game” the system and load-up on their non-credit orders. These incentives also perpetuate the sense of entitlement to Excess CAP Water among the beneficiaries, instead of weaning those users off this resource. On the other hand, credit orders that partner with Groundwater Savings Facilities enjoy and create multiple water benefits. First, credit orders create benefits by allowing the GSF to directly use the Excess CAP Water. Second, entities that order Excess CAP Water for credit through a GSF later enjoy the benefits when they withdrawal and use the credits.

We recommend that this element should be removed from the proposal.

3. Scoring System – Facility Type

Due to the water-management benefits resulting from orders at GSFs, we strongly support the recommendation that orders at GSFs should receive more points than orders at Underground Storage Facilities. As noted above, credit orders that partner with GSFs enjoy and create multiple water-benefits. Moreover, credit orders that partner with USFs generally do so to avoid partnering with the Central Arizona Groundwater Replenishment District. These actions are not sustainable. Additionally, the incentive to avoid the CAGRDRD perpetuates the sense of entitlement to Excess CAP Water, instead of weaning these users off this resource.

Thank you for allowing Resolution Copper Mining the opportunity to comment on this proposal. We look forward to working cooperatively with CAP throughout this process.

Sincerely,



Brad Ross
Manager Infrastructure